



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
OHIO COUNTY CLERK**

Calendar Year 1998

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Dudley Cooper, Ohio County Judge/Executive
Honorable Lessie Johnson, Ohio County Clerk
Members of the Ohio County Fiscal Court

The enclosed report prepared by Donna Bouvier, Certified Public Accountant, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Ohio County, Kentucky, as of December 31, 1998.

We engaged Donna Bouvier, CPA, to perform the financial audit of this statement. We worked closely with the firm during our report review process; the resulting audit comports with our reporting format. As part of the audit, Donna Bouvier, CPA, evaluated the Ohio County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

AUDIT REPORT OF
OHIO COUNTY CLERK

Calendar Year 1998

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To the People of Kentucky
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Independent Auditor's Report

I have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Ohio County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the County Clerk. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the County Clerk is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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(Continued)

In my opinion, the accompanying financial statement referred to above presents fairly in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1998, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, I have also issued a report dated December 1, 1999, on my consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Donna Bouvier
Certified Public Accountant

December 1, 1999

OHIO COUNTY
 LESSIE R. JOHNSON, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

<u>Receipts</u>								
State:								
Fees for Services				\$ 11,956				
Library and Archives Grant				3,150		\$ 15,106		
Fiscal Court						52,326		
Licenses and Taxes:								
Motor Vehicle-								
Licenses and Transfers				\$ 520,454				
Usage Tax				1,673,524				
Tangible Personal Property Tax				888,882				
Licenses-								
Fish and Game				16,843				
Marriage				9,764				
Deed Transfer Tax				26,798				
Delinquent Tax				140,520		3,276,785		
Fees Collected for Services:								
Recordings-								
Deeds, Easements, and Contracts				\$ 16,905				
Real Estate Mortgages				29,404				
Chattel Mortgages and								
Financing Statements				83,320				
Powers of Attorney				1,150				
All Other Recordings				221,139				
Charges for Other Services-								
Copywork				6,070		357,988		
Interest Earned						3,355		
Gross Receipts Carried Forward						\$ 3,705,560		

OHIO COUNTY
 LESSIE R. JOHNSON, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Gross Receipts Brought Forward							\$ 3,705,560
Disbursements							
Payments to State:							
Motor Vehicle-							
Licenses and Transfers			\$ 386,680				
Usage Tax			1,621,354				
Tangible Personal Property Tax			346,786				
Licenses-							
Fish and Game			16,494				
Delinquent Tax			21,337				
Legal Process Tax			26,027				
Miscellaneous			2,112		\$ 2,420,790		
Payments to Fiscal Court:							
Tangible Personal Property Tax			\$ 43,430				
Delinquent Tax			14,093				
Deed Transfer Tax			25,458				
Auto Stickers			181,829		264,810		
Payments to Other Districts:							
Tangible Personal Property Tax			\$ 462,390				
Delinquent Tax			62,333		524,723		
Payments to Sheriff					6,648		
Payments to County Attorney					23,761		
Library and Archives					3,150		
Refunds					7,957		
Office Supplies					85		
Total Disbursements							3,251,924

OHIO COUNTY
 LESSIE R. JOHNSON, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Net Receipts							\$ 453,636
Less: Statutory Maximum							48,726
Excess Fees							\$ 404,910
Less: Expense Allowance							3,600
Excess Fees Due County for Calendar Year 1998							\$ 401,310
Payments to County Treasurer-Monthly						\$ 401,175	
March 12, 1999						135	401,310
Balance Due at Completion of Audit							\$ -

The accompanying notes are an integral part of the financial statement.

NOTES TO FINANCIAL STATEMENT

OHIO COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

A fee official uses a fund to report the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official utilizes a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of fee officials is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, Kentucky Revised Statute 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

OHIO COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1998
(Continued)

NOTE 2: EMPLOYEES RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

NOTE 3: DEPOSITS

The County Clerk maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The County Clerk met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with collateral held by the county official's agent in the county official's name.

NOTE 4: GRANT

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$17,500. The County Clerk expended \$3,150 during 1998. The account earned interest of \$275 during 1998. The grant balance is \$14,625 as of December 31, 1998.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Dudley Cooper, County Judge/Executive
Honorable Lessie R. Johnson, Ohio County Clerk
Members of the Ohio County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

I have audited the Ohio County Clerk as of December 31, 1998, and have issued my report thereon dated December 1, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ohio County Clerk's financial statement as of December 31, 1998, is free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ohio County Clerk's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Honorable Dudley Cooper, County Judge/Executive
Honorable Lessie R. Johnson, Ohio County Clerk
Members of the Ohio County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Donna Bouvier
Certified Public Accountant

December 1, 1999